Depositor friendly guidelines by RBI

2205. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India (RBI) has issued depositor friendly guidelines to facilitate consolidation and emergence of strong, entities in the cooperative banking sector; and

(b) if so, the details of the guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b)Yes, Sir. With a view to protect the interest of the depositors and to encourage and facilitate consolidation and emergence of strong entities in the co-operative banking sector, the Reserve Bank of India (RBI) has issued detailed guidelines for merger and amalgamation of Urban Co-operative Banks on 2nd February, 2005. Following types of proposals, subject to the post merger entity meeting the prescribed prudential norms, shall be considered by the RBI:-

(i) When the acquirer bank assures to protect entire deposits of all the depositors of the acquired banks, even if the net worth of the acquired bank is negative; and

(ii) When the net worth of the acquired bank is negative but the acquirer bank assures to protect deposits of all the depositors either on its own or with financial support from the State Government extended upfront as part of the process of merger.

While considering the proposals for merger/amalgamation, RBI's approval will be confined to the financial aspects of the merger taking into consideration the interests of the depositors and financial stability.

Charging of Service Tax from students

2206. SHRI DHARAM PAL SABHARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that private institutions having their registered offices outside Delhi are imparting training to students for competitive examinations in Engineering and Medical education and they have started charging service tax from the students at the rate of 10.5 per cent of the fee instead of paying service tax from the income of the institutions;

(b) whether some private medical institutions have also started charging service tax from the patients in the same manner in Delhi; and

(c) whether such service tax on students and patients is permissible and if not, what action Government propose to take in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Commercial Training or Coaching Services have been brought under the Service Tax net by the Finance Act 2003, w.e.f. 1 -7-2003 and the services shall be taxed, if provided by a commercial training or coaching centre to any person in relation to commercial training or coaching. Accordingly institutions having their registered offices whether outside Delhi or not, if engaged in training to the students for competitive examinations in engineering and medical education are liable to pay the Service Tax. Being the indirect tax, the Service Tax is charged to the service provider, which in turn collects it from the recipient of services. Accordingly in the present case also, the institution will charge Service Tax to the student, at the rate of 10.2 per cent on the gross amount charged for rendering services in relation to commercial training or coaching.

(b) Service Tax is not applicable on medical institutions for rendering medical treatments, accordingly it cannot be charged by any private medical institution to the patients.

(c) As mentioned above in (a) and (b)

Annual Narcotics Certification Report

2207. SHRI MOTILAL VORA:
SHRI K. RAMAMOHANA RAO:
SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Annual Narcotics Certification Report presented to the US Congress and released by the President of the USA indicated India as one of the major drug transit or illicit drug producing countries of the world;

(b) if so, what is the reaction of Government to this Report submitted to the Congress; and